

DISTRIBUTION

Retirement Plan Committee Meeting – Quarterly Report

Minutes of February 22, 2012

Meeting called to order at 1:40

ATTENDEES

Committee Members

Darrin Borders

Bruno Jeider

Judie Wilke

Cindy Giraldo

City Staff

Carrie Matson

Nonna von Sonn

Guests

Kevin Chen –
HewittEnnisKnupp

Penny Abbott – ICMA-RC

Rick Morillo

Lori Riley

Jason Scharp

Michelle Martin

INTRODUCTION

The meeting was officially called to order at 1:40 by Carrie Matson. Judie Wilke moved to approve the minutes of the June 22nd, August 24th, and November 30th meetings. A second was made by Bruno Jeider. The vote was unanimous at 4-0.

Discussion was held to purchase a recorder for the meetings to be used by the secretary. Judie moved to purchase a recorder, not to exceed \$200. A second was made by Darrin Borders. The vote was unanimous at 4-0.

Carrie mentioned that the Great West funds transition went smoothly although the City now must update all of the beneficiary information. Carrie has been in touch with Usha from Great West in order to retrieve as much beneficiary information as possible but the City will also be sending out requests to employees. ICMA-RC will follow up, as well.

Aon Hewitt

Kevin passed out a few handouts and the Quarterly Performance Evaluation Report.

The first handout, 2012 Hot Topics in Retirement, covered a survey that had been conducted by Aon Hewitt in October, 2011 reviewing all types of plans. The main takeaways from the handout sum up the five key trends for the industry.

In the next handout, Current Fiduciary Developments, First Quarter 2012, it goes over the regulations published by the U.S. Department of Labor (DOL) and is a summary of what everyone should be aware of and what is happening in the retirement field.

The handout titled Participant Fee Disclosure Checklist is an actual checklist of disclosures to Plans, Investments and other requirements.

The Quarterly Investment Outlook – January 2012 handout provides HEK's thought leadership and review of economic data.

Kevin noted that the Market Environment, Fourth Quarter 2011 handout contained more data and reflected regional statistics. It was also noted that as of 02/11, the JP Morgan transfer was complete and will be included at the next meeting.

And last, the Quarterly Performance Evaluation Report for the period ending December 31, 2011 was reviewed. Going through the book, key items that were pointed out were:

- Market Performance – even though it was a tough year, the 4th quarter was very good, the U.S. outperformed International, Value outperformed Growth, the Eurozone was more muted (still weighing on the market), it was the best January since 1977, and Barclay's cap was up (strong results for Domestic)
- Quarterly Market Summary - the economy showed stronger numbers, unemployment was down, U.S. Equities showed great returns, and the U.S. Market Sector Performance showed the S&P 500 Financials were way down. The Fixed Income Market Sector performance showed a high yield at 6.5% for the quarter and for the year 2011, the U.S. Treasury Index ended strongly with 9.8% return. The International Equity charts showed that the year was down as a whole.
- The Annual Asset Class Performance chart, otherwise known as the crazy quilt, shows the case for diversification.
- The City of Burbank Investment Architecture Map is also well diversified.
- The summary for the committee with the Fund Comments and Exceptions chart shows that PIMCO was still there as of 12/31 but has since been replaced by JP Morgan. Perkins Mid Cap Value and Royce Value Plus have both been put on watch.
- The Asset Allocation by Segment chart shows that the City has almost 99 million dollars invested in aggregate and the Life Cycle is gaining momentum.

Cindy Giraldo asked how long the committee should be watching Royce since it has been underperforming for awhile. Kevin stated that he thought it should be watched for another quarter and then he will be visiting with them to get a better feel for what is going on. Cindy also commented the same with Perkins. Kevin noted that their history has been strong so he still has confidence in them but agreed with Cindy that something should be done if the poor performance continues.

Other funds to keep an eye on were Loomis and the Fidelity Contrafund. Fidelity should be monitored closely because it is becoming so big, over \$100 billion, that the asset size could be a hindrance.

Fund review continued and Bruno Jeider asked for clarification of IM U.S. REIT (SA + CF) Median and wanted to know more. It was explained that the top ten securities invest in funds related to Real Estate. (CF = Comingled Funds)

IN-HOUSE ICMA-RC UPDATE

Lori Riley stated that the Fund Transition letter had gone out on 02/10/12 and that the fund line-up sheet will be updated.

There is an issue with UVEST/Ameritrade Stock Investment. The issue is with Mike Parinello in that he has securities and can no longer buy or trade, only liquidate. The committee needs to decide what action should be taken. Carrie Matson mentioned that Mike P. would like to come to a meeting to address the issue. More discussion followed between Bruno and Cindy regarding pros and cons of the situations. Lori mentioned that some restrictions could be set and Cindy suggested risk parameters. In the end, the employer has the fiduciary responsibility. Lori stated that the brokerage window is not generally popular. Judie asked if there could be disclosures and also remembered that the issue had been discussed and that it was decided to not let trading take place. Lore offered what ICMA-RC can do as far as setting limits. Cindy stated that she thinks this should be an isolated exception. Judie suggested having legal input with possible disclosures. Lori offered to get the disclosures to Rick Morillo for review. The final outcome for now is that Lori will guide Mike through the process and keep it in line with the current policy.

Judie moved that Mike Parinello keep what he has now and the only action possible is to reinvest the dividends and he must put it in mutual funds. A second was made by Bruno Jeider. The vote was unanimous at 4-0.

Bruno wondered how to invest in gold.

Cindy stated that the City offers a retirement fund not a tax-deferred benefit for trading.

Moving on, Lori said that she would like to send out a beneficiary letter asking for information to update the files. Discussion followed as to how the beneficiary information should be attained such as on the internet or via a letter or both. Also, discussion ensued regarding what beneficiary information is shown on-line and also on paper statements.

Cindy moved that when changes are made, the employee should decide what information will be shown on the statement and that they have the option to receive the letter or on-line. A second was made by Judie. The vote was unanimous at 4-0.

Jason Scharp introduced himself and told the committee that he covers Finance from a broad perspective. He usually covers 15 topics and holds roughly 30 seminars, covering financial planning and comprehensive planning.

Penny Abbott said that over the last two months she has met with 104 participants.

Carrie mentioned a few remaining discussion topics:

- Grant Stevens will replace Mark Hatch as BFF Union Representative.
- She recommends to push to solidify the investment policy
- Does the committee want to extend future meetings from 1 hour to 2 hours?

- The Administrative Allowance = \$70,000 per quarter – what to do with the extra money?
- Next meeting is May 23
- There was a brief discussion regarding the bylaws of the plan

Darrin asked about opting out of putting names on statements – the answer was “no”.

ADMINISTRATIVE ALLOWANCE UPDATE

2010 4 TH Quarter	= \$ 25,536.46
2011 1 st Quarter	= \$ 39,088.25
2011 2 nd Quarter	= \$ 40,864.10
2011 3 rd Quarter	= \$ 40,483.75
2011 4 th Quarter	= \$ 64,810.64
Total Received	= \$210,823.20

INVOICES PAID (from Administrative Account)

April 2010	(\$13,000)
October 2010	(\$12,000)
January 2012	(\$52,000)
BALANCE TO DATE	\$133,823.20

The meeting was adjourned at 3:15..

Minutes taken by Nonna von Sonn.